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# FINANCIAL STATEMENTS AND AUDITOR'S REPORT

FRIEND'S OF NORD, INC.

For the year ended December 31, 2001

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Received Date: 7-24-02

ERNEST J. POLSE III  
CERTIFIED PUBLIC ACCOUNTANT

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# ERNEST J. FOLSE III, C.P.A.

A PROFESSIONAL CORPORATION IN MISSISSIPPI

## CERTIFIED PUBLIC ACCOUNTANT

### INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of  
Friend's of NORD, Inc.

I have audited the accompanying statements of financial position of Friend's of NORD, Inc. (a nonprofit organization) as of December 31, 2001 and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. My responsibility is to express an opinion on these statements based on my audit.

I conducted my audits in accordance with generally accepted auditing standards. These standards require I perform the audit to obtain reasonable assurance about whether the financial statements are free of misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audits provide a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Friend's of NORD, Inc. as of December 31, 2001 and its changes in net assets for the year then ended in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, I have also issued my report dated May 18, 2002 in my consideration of Friend's of NORD internal control over financial reporting and my test of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results.



Ernest J. Folse III,  
Certified Public Accountant  
May 28, 2002

FRIENDS OF NORD, INC.  
STATEMENT OF FINANCIAL POSITION  
FOR THE YEAR ENDED DECEMBER 31, 2001

ASSETS

Current  
Cash

\$447,777

Total Current Assets

447,777

Total Assets

\$447,777

LIABILITIES AND NET ASSETS

Liabilities (All Current)

Payroll Taxes Payable

5,758

Total Liabilities

5,758

Net Assets

Unrestricted

180,404

Temporarily Restricted

251,614

Total Net Assets

442,018

Total Liabilities

and Net Assets

\$447,777

The accompanying notes are an integral part of these financial statements.

**FRIENDS OF FORD, INC.**  
**STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS**  
**FOR THE YEAR ENDED DECEMBER 31, 2001**

<b>SUPPORT AND REVENUES</b>	<b>Unrestricted</b>	<b>Temporarily Restricted</b>	<b>Total</b>
Current Year Award			
Direct/indirect support	\$—	\$84,000	\$84,000
Contributions	107,000	—	107,000
Interest income	10,300	—	10,300
Other income	10	—	10
Contributed Services:			
Accounting	21,447	—	21,447
Legal	3,170	—	3,170
Net assets released from restrictions			
Satisfaction of purpose restrictions	\$4,000	(\$4,000)	0
<b>Total support and revenue</b>	<b>288,950</b>	<b>80,000</b>	<b>368,950</b>
<b>EXPENSES</b>			
Programs:			
Project Playground	100,200	—	100,200
Partnerships in Recreation	80,000	—	80,000
<b>Total program expenses</b>	<b>180,200</b>	<b>—</b>	<b>180,200</b>
Administrative Expenses	10,000	—	10,000
Contributed Services:			
Accounting	21,447	—	21,447
Legal	3,170	—	3,170
<b>Total expenses</b>	<b>214,817</b>	<b>—</b>	<b>214,817</b>
<b>Increase (Decrease) in Net Assets</b>	<b>70,841</b>	<b>80,000</b>	<b>150,841</b>
Net Assets, December 31, 2000	117,580	201,884	319,464
<b>Net Assets, December 31, 2001</b>	<b>\$188,421</b>	<b>\$281,884</b>	<b>\$470,305</b>

The accompanying notes are an integral part of these financial statements.

FRIENDS OF NORD, INC.  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2001

Cash Flows From Operating Activities:	Total
Change in Net Assets	\$162,871
Adjustment to Reconcile Change in Net Assets to Net Cash Used for Operating Activities:	
Increase in Payroll Taxes Payable	4,166
Net Cash from Operations	167,036
Cash Flows From Investing Activities:	
Net Cash Used By Investing Activities	0
Cash Flows From Financing Activities:	
Net Cash Used By Financing Activities	0
Net Decrease in Cash	167,036
Cash and Cash Equivalents, December 31, 2000	340,711
Cash and Cash Equivalents, December 31, 2001	\$447,777

The accompanying notes are an integral part of these financial statements.

**LOUISIANA STADIUM EXPOSITION DISTRICT  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2004**

	Program Services	Support Services	
	Louisiana Stadium Exposition	Administration Expenses	Totals
<b>EXPENSES:</b>			
Athletic uniforms	\$520	\$—	\$520
Equipment	38,538	—	38,538
Furniture and fixtures	—	—	0
Supplies	24,912	—	24,912
<b>Total Expenses</b>	<b>\$64,969</b>	<b>\$—</b>	<b>\$64,969</b>

The accompanying notes are an integral part of these financial statements.

**FRIENDS OF NORD, Inc.**  
**NOTES TO FINANCIAL STATEMENTS**

**December 31, 2001**

**Note A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

*A summary of the significant accounting policies consistently applied in the preparation of the accompanying financial statements follows:*

**1. Organization**

*Friends of NORD, Inc. is a nonprofit corporation organized under the laws of the State of Louisiana. The corporation is organized to provide support to the activities of the New Orleans Recreation Department; create meaningful activities for youths at risk; and in general improve the quality of life for the residents of the City of New Orleans. The corporation's support comes from corporate donations, foundation grants and government funding grants.*

**2. Basis of Accounting**

*The accompanying financial statements have been prepared in accordance with generally accepted accounting principles. They are prepared on the accrual basis of accounting.*

**3. Estimates**

*The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from these estimates.*

**4. Cash Equivalents**

*The Corporation considers all demand deposits and short-term investments with an original maturity of three months or less to be cash equivalents.*



**FRIENDS OF NORD, Inc.**

**NOTES TO FINANCIAL STATEMENTS (Continued)**

**December 31, 2001**

**5. Financial Statement Presentation**

In 1995 the Organization adopted Statement of Financial Accounting Standards (SFAS) No. 117, "Financial Statements of Not-for-Profit Organizations." Under SFAS No. 117, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. In addition, the Organization is required to present a Statement of Cash Flows. As permitted by this new statement, the Organization has discontinued its use of fund accounting and has, accordingly, reclassified its financial statements to present three classes of net assets required.

**6. Public Support and Revenue**

Grants and other contributions of cash and other assets are reported as temporarily restricted support if they are received with donor stipulations that limit the use of donor assets. When a donor restriction expires that is when a purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

**NOTE B - INCOME TAXES**

The Corporation is a not-for-profit organization that is exempt from corporate income taxes under Section 501 (c)(3) of the Internal Revenue Code.

**NOTE C - ADMINISTRATIVE SUPPORT (CONTRIBUTED SERVICES)**

The Corporation received administrative support for the period of this audit in the form of contributed services for legal and accounting services. No compensation was paid for these services. The support is reflected in the financial statements and is valued at the contributors stated billing rates.

**FRIENDS OF NORD, Inc.**

**NOTES TO FINANCIAL STATEMENTS (Continued)**

**December 31, 2001**

**NOTE D - BOARD OF DIRECTORS COMPENSATION**

The Board of Directors is a voluntary board; therefore, no compensation was paid to any Board Member during the period from inception through December 31, 2000.

**NOTE E - TEMPORARILY RESTRICTED NET ASSETS**

Temporarily restricted net assets are available for the following purposes or periods:

Specific grant programs	<u>\$30,000</u>
Total temporarily restricted net assets	<u>\$30,000</u>

Net assets were released from donor restrictions by incurring expenses satisfying the purposes specified by donors as follows:

Purpose restriction accomplished	\$64,569
Louisiana Stadium Exposition	

# ERNEST J. FOLSE III, C.P.A.

A PROFESSIONAL CORPORATION

## CERTIFIED PUBLIC ACCOUNTANT

### REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Trustees of  
Friends of NORD, Inc.

I have audited the financial statements of Friends of NORD, Inc. (a nonprofit corporation) as of and for the year ended December 31, 2001, and have issued my report thereon dated May 28, 2002. I conducted my audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States.

#### Compliance

As part of obtaining reasonable assurance about whether Friends of NORD, Inc. financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instance of noncompliance that is required to be reported under *Government Auditing Standards*.

#### Internal Control Over Financial Reporting

In planning and performing my audit, I considered Friends of NORD, Inc. internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. I noted no matters involving the internal control over financial reporting and its operation that I consider to be material weaknesses.

**Report On Compliance**  
**Friends of NODAP, Inc.**

**This report is intended solely for the information and use of the audit committee, management, others within the organization and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.**



**Erin J. Fols III, CPA**  
**New Orleans, LA**  
**May 28, 2002**

**Friends of NDRR, Inc.**  
**Schedule of Findings and Questioned Costs**  
**Year Ended December 31, 1991**

**Section I – Summary of Auditor's Results**

**Financial Statements**

*An unqualified opinion was issued on the financial statements of the auditee.*

**Internal control over financial reporting:**

Material weakness(es) identified? \_\_\_\_\_ yes   X   no

Reportable condition(s) identified  
not considered to be material weaknesses? \_\_\_\_\_ yes   X   none reported

Noncompliance material to financial statements noted? \_\_\_\_\_ yes   X   no

**State Awards**

**Internal Control over state programs:**

Material weakness(es) identified? \_\_\_\_\_ yes   X   no

Reportable condition(s) identified  
not considered to be material weakness(es)? \_\_\_\_\_ yes   X   none reported